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# CURRENT INTELLIGENCE WEEKLY REVIEW

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THE WEEK IN BRIEF

LAOS . . . . . Page 1

Kong Le - Pathet Lao forces, while observing a cease-fire on most fronts, are continuing their attacks against the government's Meo guerrilla bases, particularly in the Pa Dong area. Intensified efforts to eliminate these pockets of government forces are expected. The talks at Namone remain deadlocked on most issues, although there is agreement among the three groups to "examine" a proposal for a unified delegation to Geneva representing the "Kingdom of Laos" rather than any Laotian "government." Bloc airlift operations continue, and since 16 May there has been a relatively large number of flights to southern areas of North Vietnam, suggesting stockpiling for possible operations in the Tchepone area of Laos or in South Vietnam. The conference at Geneva has done little more than mark time during the past week. ~~(Secret)~~

~~Noform)~~

SOUTH KOREA . . . . . Page 5

There are indications of a growing split in the Supreme Council for National Reconstruction between Maj. Gen. Pak Chang-hui, architect of the 16 May coup, and Army Chief of Staff Lt. Gen. Chang To-yong, titular head of the council. Chang is believed to favor an early return to civilian government rather than an indefinite period of military rule. The new group lacks capable administrators, particularly in the economic field, where growing confusion has brought business activities almost to a standstill. While there is no evidence of North Korean military preparations to take advantage of the unsettled situation, dissension within the coup group could make South Korea increasingly susceptible to Communist propaganda and subversion. ~~(Confidential)~~

SOVIET NEWS TREATMENT OF KENNEDY-KHRUSHCHEV MEETING . . . Page 6

Moscow has given the planned meeting between the President and Khrushchev a generally optimistic appraisal but has refrained from editorial comment. Soviet media describe it as an important and timely step which could contribute to a relaxation of tensions and lead to further high-level meetings. Moscow attempts to convey the impression that the meeting is mainly the result of US initiative and is a "sign" that forces in the US now favor improving relations with the USSR. Soviet and satellite commentaries have listed Germany, disarmament, a nuclear test ban, Laos, and Cuba as possible topics. Peiping has reported the initial TASS announcement of the talks but has made no comment. ~~(Confidential)~~

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FRANCE-ALGERIA . . . . . Page 8

Both French and Algerian delegations appear to have been favorably impressed by the initial sessions of the Evian negotiations, but the Algerians continue skeptical of French willingness to relinquish direct and indirect authority throughout Algeria, including the Sahara. As the talks proceed, the French Government may find that its most pressing problem is the continuing activity of right-wing extremists determined to stop Algerian independence by any means; there are reports that some of them may attempt to assassinate De Gaulle. ~~(Top Secret~~

CONGO . . . . . Page 9

Kasavubu and his supporters remain firm in their decision to reconvene parliament in Leopoldville, although Gizenga continues to demand that it meet in Kamina. There are indications that Leopoldville is negotiating with Tshombé's successors to assure Katanga's participation in a Congo federation as desired by Kasavubu. Leopoldville probably believes that its hand has been strengthened by its success in blocking the return of UN representative Dayal. ~~(Top Secret~~ ~~Noform)~~

IRAN . . . . . Page 11

Fear of a military coup led Prime Minister Ali Amini last week to move several officers, including General Timur Bakhtiar, out of Tehran. Bakhtiar asserts that he intends to support Amini but will continue with his "contingency planning" to be ready to act on short notice if Amini's government "fails." Amini has made announcements calculated to convince the public that his government is efficient and frugal and is pushing reforms in the public interest. Contrary to earlier indications, the National Front apparently will remain in opposition to Amini, as it has to every government since the collapse of the Mossadeq regime in 1953. ~~(Top Secret~~ ~~Noform)~~

CUBA . . . . . Page 13

A Soviet ship almost certainly carrying an arms cargo arrived in Cuba on or about 22 May, a second probably with military equipment was due to arrive shortly thereafter, and a third ship is en route. Castro's prisoners-for-tractors offer has attracted unfavorable press comment in other Latin American countries, being viewed as similar to the Eichmann prisoners-for-trucks offer of World War II. Castro was probably influenced by this reaction in making his statement of 22 May insisting that the transaction, if consummated, would represent "indemnification" of Cuba rather than an exchange. The special Cuban "good-will mission," which has just visited Brazil on its tour of Latin American countries, was reportedly "disappointed" by its visit

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to Mexico but is likely to meet a more favorable reception from the Velasco government in Ecuador. ~~(Secret)~~  
~~Reform)~~

BRAZILIAN POLICY TOWARD AFRICA . . . . . Page 14

President Quadros is vigorously seeking diplomatic and cultural contacts with the new nations of Africa in furtherance of Brazil's expanding role in world affairs. He has set up an African scholarship program, is rapidly establishing diplomatic and consular missions in the new nations, and can no longer be expected to give Portugal support for its policy in Africa. Brazil also is interested in obtaining African cooperation in reaching pricing and marketing agreements for coffee and probably for other tropical products. ~~(Top Secret)~~

EL SALVADOR . . . . . Page 16

The provisional government of El Salvador is controlled by young army officers who are strongly anti-Communist and apparently united in support of a program of socio-economic reform. Members of the "14-family" elite which has long dominated the country are described as "stunned" by the pro-reform attitude of their traditional allies, the army and the church. Some senior officers, displaced or exiled after the coups of last October and January, are reported planning a return to power but do not seem to have the military support needed for success at this time. ~~(Secret)~~

KOZLOV'S ILLNESS AND THE SUCCESSION . . . . . Page 17

Party secretary Frol Kozlov, believed to be Khrushchev's choice as his successor, has been convalescing from a heart attack since late April. Should Kozlov's illness seriously curtail his activities after his expected return to duty in early June, political maneuvering among Khrushchev's other lieutenants for the succession would almost certainly be intensified. ~~(Confidential)~~

SOVIET CONSUMER GOODS PRODUCTION TO INCREASE . . . . . Page 18

A change in Soviet economic policy favoring the consumer is implied by Khrushchev's recent remark at the British Fair in Moscow that the USSR's light industry and heavy industry will develop at the same pace. Because the light industrial base is very small compared with that of heavy industry, such a change can be accomplished by a relatively small shift of resources without affecting industrial goals set forth in the Seven-Year Plan (1959-65). Although Khrushchev's remarks have not yet appeared in the Soviet press, a recent article in the party journal denied that it is "bourgeois" to improve the supply of consumer goods. ~~(Confidential)~~

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## PROBLEMS OF ECONOMIC ORGANIZATION IN USSR . . . . . Page 19

Soviet economists, industrial and agricultural managers and technicians, and possibly even certain top political leaders are in sharp disagreement over the administration of important elements of the USSR's economy. Although it does not seem likely that these disagreements will impede economic progress, Khrushchev will probably make a strong effort to resolve the more serious controversies before the convening of the 22nd party congress in October. He will probably undertake further organizational experiments and shuffling of personnel. ~~(Secret)~~ ~~Noform)~~

## EAST GERMAN CAMPAIGN FOR RECOGNITION . . . . . Page 21

East Germany's campaign for de facto recognition has recently scored some advances in the Middle East, West Africa, and Brazil. The most notable was the UAR's grant of consular status to the East German trade office in Damascus, despite strong West German protests. While Bonn has been able to deter formal diplomatic recognition of the Ulbricht regime, it is finding it increasingly difficult to prevent the establishment of East German consulates and fears that the UAR's action may encourage others to follow suit. Bonn is also greatly concerned over the possibility that President Quadros may permit a high-level East German visit to Brazil--a move which Ulbricht would view as a major triumph. ~~(Top Secret)~~ ~~Noform)~~

## BLOC MILITARY AID TO THE UAR . . . . . Page 22

Political friction between Moscow and Cairo, which flared up again recently, apparently has not affected the bloc's military collaboration with the UAR. Financial arrangements, UAR requests for more advanced weapons, and Soviet delays in supplying spare parts and new equipment have caused difficulties since 1958 but have not prevented conclusion of new agreements, nor have they altered the UAR's almost complete dependence on the bloc for military supplies. Bloc military deliveries this year--apparently in accordance with the new agreements concluded in 1960--have included MIG-19s, T-54 tanks, and a variety of other items. ~~(Top Secret)~~ ~~Noform)~~

## AFGHAN-PAKISTANI BORDER CLASHES . . . . . Page 23

The Pushtoonistan dispute between Afghanistan and Pakistan, which has been marked by sporadic clashes and almost continuous propaganda warfare since 1947, has flared up again. About 1,000 Afghan troops disguised as tribesmen attacked Pakistani garrisons near the border on 22 May, and Pakistani jets bombed dissident tribal concentrations near the border. Each side probably wants to avoid major hostilities, but will be under pressure to take whatever action is necessary to

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avoid a loss of prestige among the Pushtoon tribes on both sides of the border. ~~(Secret Noform)~~

AFRICANS PLANNING GENERAL STRIKE IN SOUTH AFRICA . . . . . Page 25

The Communist-dominated National Action Council, the most active nonwhite nationalist organization in South Africa, has called for a three-day strike beginning on 29 May. The leader of the movement says that no violence is planned; tension is rising, however, in both the white and non-European communities. The government is steadily increasing its security precautions. ~~(Secret Noform)~~

DEVELOPMENTS IN SURINAM . . . . . Page 26

Surinam (Dutch Guiana), which supplies about 20 percent of the free world's bauxite, will seek a greater degree of autonomy from the Netherlands in preliminary talks opening in The Hague on 29 May. Local political leaders believe greater autonomy would help Surinam gain assistance from the United Nations and the West for the economic and social development the country seeks. Although Surinam has little common cultural background with neighboring countries, its leaders maintain that it must also strengthen ties with the Latin American republics by seeking association with the Organization of American States. ~~(Confidential)~~

SPECIAL ARTICLES

NEW SOVIET CONSTITUTION . . . . . Page 4

There are signs that a new Soviet constitution will appear some time after the 22nd party congress next October, replacing the 1936 "Stalin constitution" with one intended to be associated with Khrushchev. Published proposals foreshadow a document which will embody Khrushchev's assertion that the USSR is engaged in the "full-scale" building of communism and which will be a reflection of the Communist party program now being drafted. The constitution may create a new office of "President

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of the USSR" to give Khrushchev not only the formal rank of chief of state but constitutional sanction for his de facto powers. ~~-(Secret)-~~

FULBERT YOLOU . . . . . Page 11

Fulbert Youlou, who will visit Washington in early June, was first prime minister and then became the first President of the Congo Republic (Brazzaville), which gained independence from France in 1958. Youlou, who is hereditary chief of the Balai tribe, has been able to consolidate his personal power and give the country relative stability: [redacted]

[redacted] He would like to play a decisive role in African affairs but has been unsuccessful in his efforts to promote a Central African union. Friendly toward the West and strongly anti-Communist, Youlou is ambitious [redacted]. ~~-(Secret Noform)-~~

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## LAOS

The Boun Oum government apparently is determined to boycott the Geneva conference on Laos unless it is recognized as the legal government. Its position has been fortified by expressions of support from King Savang and the National Assembly and probably reflects Vientiane's awareness that virtually the sole bargaining asset it retains is the validity of its claim to constitutional authority. Vientiane is attempting to have representatives of five pro-government political parties seated at the conference on a par with the delegations of Souvanna Phouma and the Neo Lao Hak Sat. This maneuver seems certain to fail.

Vientiane does not view its stand on the Geneva talks as in any way affected by the conduct of its negotiations in Laos with representatives of Souvanna and the Pathet Lao. Aware that the government's concessions at the Namone truce site have appeared contradictory, General Phoumi has explained that his strategy has been to appear willing to meet the opposition's demands for political talks in hopes of securing agreement on definite guidelines for the cease-fire. At the meeting on 24 May, the negotiators reportedly agreed to "examine" the question of forming a unified delegation to Geneva, representing the "Kingdom of Laos" rather than any Laotian "government."

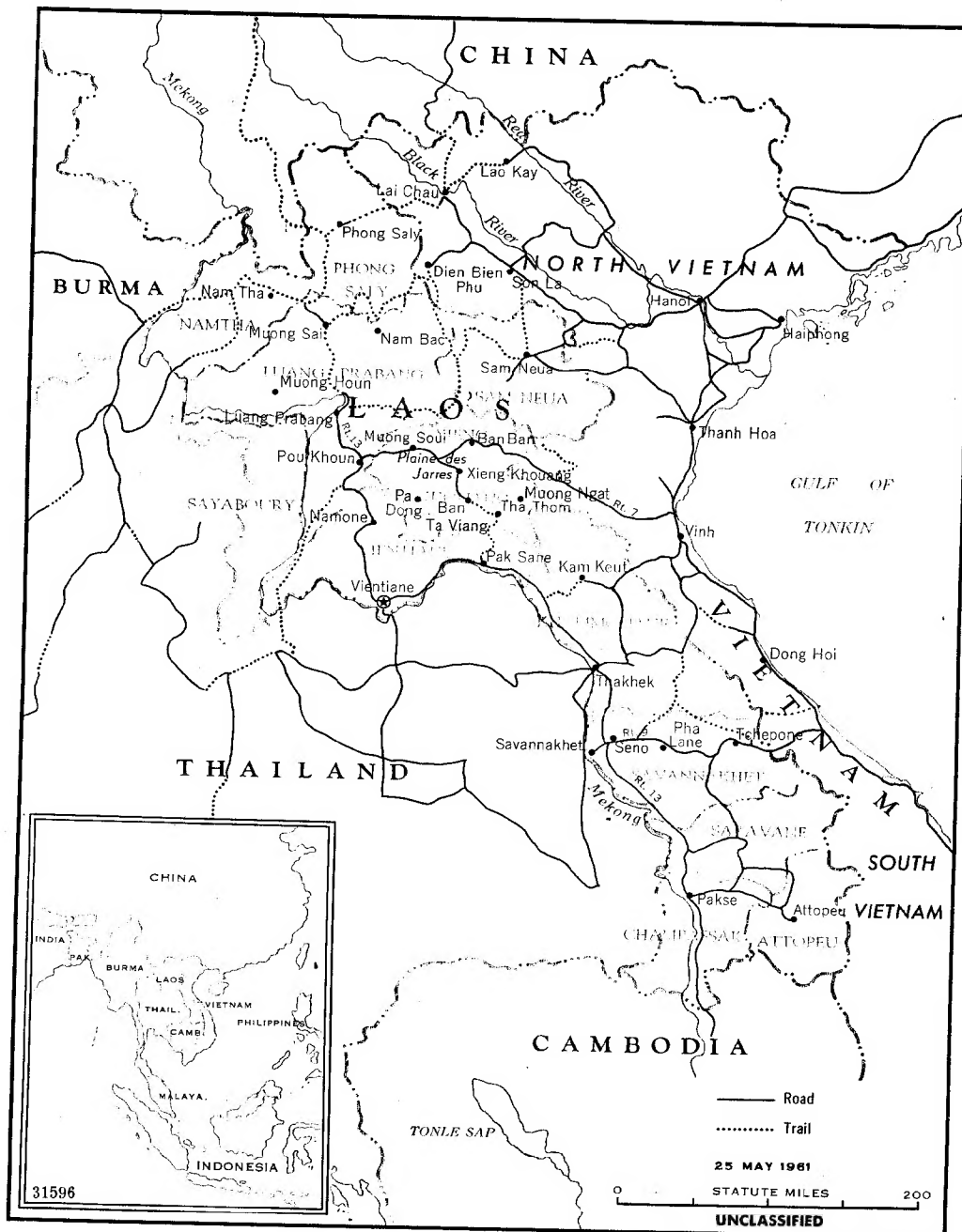
Members of the government team at Namone have privately complained that they are under a psychological disadvantage

because of Vientiane's weak military position and because of restrictive and often confusing directives handed them by Phoumi. The Neo Lao Hak Sat representatives have assumed the air of victors dealing with the vanquished, and even Souvanna's political representative, Pheng Phongsavan, has confided to the government delegation that "it's not as easy as you think to keep a position of independence when you are surrounded day and night by these fellows." Despite this and other evidence of friction between the Souvanna and Pathet Lao political factions, there appears to be no indication of any serious rupture on the enemy side.

The International Control Commission (ICC) in the present circumstances remains ineffective. The Communists hold that the ICC cannot regulate the cease-fire until military terms of reference have been established by the three Laotian parties. French Ambassador Falaize recently commented that the ICC had been thrown into Laos without adequate preparation and facilities to fulfill its mission. He pointed out that ICC representatives are under restrictions in visiting the rebel headquarters at Xieng Khouang.

Although the military situation continues quiet throughout most of the country, some skirmishing continues. The primary target of Kong Le - Pathet Lao activity remains the Meo elements of the Laotian army; Meo headquarters at Pa

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Dong southwest of the Plaine des Jarres continues to be under artillery fire, and intensified efforts to wipe out Meo pockets of resistance are expected. Intercepted messages from Kong Le's headquarters in the Plaine des Jarres to units in the Pa Dong area indicate that both Pathet Lao and North Vietnamese troops are being employed in these attacks.

In south-central Laos, Laotian army sources continue to report a build-up of several thousand enemy troops along Route 9 between Tchepone and Savannakhet. Although these reports are unverified and probably are exaggerated, recent Communist charges of attacks by Laotian and South Vietnamese forces in the Tchepone area could be used to provide justification for a renewed Communist offensive there. South Vietnam still has a small number of troops in defensive positions along Route 9 a few miles inside Laos. A recent Saigon report states that about 1,000 North Vietnamese and Pathet Lao forces in the Tchepone area have begun "aggressive reconnaissance" eastward toward the South Vietnamese border, where some Laotian troops are positioned along with the South Vietnamese.

General Phoumi met with Premier Sarit in northeastern Thailand on 19 May during a trip to southern Laos, and is said to have sought assurances from him concerning American intentions regarding a political settlement in Laos. Phoumi was reported recently to feel isolated and puzzled by the American position on Laos, and to have undertaken his trip southward partly for the purpose of preparing the transfer of the Laotian Government in the event of a new enemy drive against Vientiane or Luang Prabang.

Bloc Airlift

Bloc airlift operations continued throughout the week except on 21 May, when all flights were canceled, possibly because of bad weather. From 15 through 21 May, there were 128 airlift and airlift-associated sorties, which delivered an estimated total of about 232 tons. The Soviet AN-12 which arrived at Haiphong on 15 May left North Vietnam for the USSR on 20 May. The IL-14 which arrived at Hanoi on 19 May has also returned to the USSR.

Since 16 May relatively large numbers of bloc transports--five to eight daily except on the 18th--have been scheduled to the Vinh and Dong Hoi areas. Three IL-14s were scheduled to fly from Vinh to Xieng Khouang on 21 May, and three from Vinh to Muong Ngat the following day, suggesting that at least some airlift operations are being staged from Vinh.

The scope of the operation involving Vinh and Dong Hoi indicates that stockpiling is taking place at these two locations, possibly in connection with a Communist build-up in the Tchepone area.

Paradrop activities involving Soviet transports have been reported near Kep airfield--which is about 45 miles northeast of Hanoi. Soviet transports began flying to Kep in mid-March, and since that time activity has been noted at the field almost daily. It was

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initially thought that the field was being used to store supplies brought in from China and airlifted to Laos. It now appears that it also is used for airborne training, not only from a logistics point of view but also for personnel to be dropped into Laos. Such drops have been periodically reported by Laotian sources.

Communist Tactics at Geneva

During the opening round of the Geneva conference, Communist bloc spokesmen have concentrated their efforts on securing Western approval of the position that the 1954 Geneva agreements must form the basis for any negotiated settlement on Laos. The Communists' insistence on this point reflects their determination to achieve a settlement which effectively removes Laos from SEATO protection, prevents the establishment of any form of international machinery or neutral nations commission to supervise Laotian economic relations, and retains a bloc veto power over the activities of the ICC in Laos.

The Communists have maintained that the SEATO "umbrella" protocol for Laos violates the declaration of Laotian neutrality made in 1954 and have insisted that the permanent control mechanism in Laos should be the ICC, as established in the 1954 Geneva accords.

Gromyko has indicated to Secretary Rusk that the veto provisions in the Soviet proposals on the ICC are not negotiable. Gromyko has also attempted to play down reported cease-fire violations by the Pathet Lao while continuing to

assert the parity of the Pathet Lao delegation at Geneva with Souvanna and Vientiane representatives. In response to a Thai request of 23 May that representatives of Laotian parties supporting the Boun Oum government be seated at the conference on a rotational basis, Gromyko asserted that there was an understanding that only the "three forces" would be seated.

In his speech of 17 May, the Soviet foreign minister carefully drew a distinction between Laotian internal and international questions and contended that the conference should not take up such questions as a coalition government in Laos, the holding of elections, and the reorganization of the army. By keeping these questions out of the conference deliberations, at least for the time being, the Communists hope to blame Vientiane for any delay in forming a coalition government but at the same time to stress the Pathet Lao's willingness to discuss a future Laotian government.

Bloc representatives at the conference have made it clear that they could not accept any control of economic aid to Laos. Polish Foreign Minister Rapacki called upon Laos to engage in economic relations on a bilateral basis, maintaining that international control would constitute interference in Laotian internal policy. The USSR, Czechoslovakia, Communist China, and North Vietnam have set up resident missions in northern Laos which could serve to implement the bilateral economic agreements Souvanna Phouma has already concluded with the bloc. (SECRET) [REDACTED]

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SOUTH KOREA

The Supreme Council for National Reconstruction, the military group which has control of the government in South Korea, is continuing to consolidate its position and to neutralize possible sources of opposition. However, there are indications that coup strongman Maj. Gen. Pak Chong-hui is becoming increasingly displeased with Army Chief of Staff Lt. Gen. Chang To-yong, who is believed to favor a relatively early return to civilian government. Should Chang be forced out of the ruling junta, the regime would probably be strongly influenced by junior officers who desire an abrupt break with the past and an indefinite period of military rule.

The retention of President Yun Po-sun as chief of state has given the insurgent government a semblance of constitutionality. Government ministries have been reopened and a new all-military cabinet appointed. However, administrative and technical talent is scarce, and most of those who qualify for important positions are tainted by association with either the Chang Myon or Rhee administrations.

The shortage of capable senior personnel is particularly apparent in the economic field. The regime has taken stopgap measures to prevent a serious dislocation of the economy, but there are indications of business stagnation. Bank of Korea officials report that mounting administrative confusion is impeding economic activity.

The new government is committed to improve living conditions. Unless it can fulfill its economic promises, it probably will experience the same public antipathy as the Chang administration.

Apprehension is developing among educated civilians over

the repressive tactics of the military rulers. Political parties and organizations have been ordered abolished, and most members of the former administration have been placed under house arrest or imprisoned. A nationwide roundup of all leftists and suspected Communists is under way. According to local press reports, between 3,000 and 4,000 persons, many of them probably hoodlums and criminals, have been seized. Strict press and radio censorship has been imposed, and many persons are reportedly listening to Communist broadcasts from Pyongyang for news of events in South Korea.

Asian Communists, whose cautious initial reaction to the coup suggested a lack of first-hand information, have now taken the measure of Seoul's new leaders, and hostile propaganda has mounted steadily during the past week. Peiping's People's Daily charged in an editorial of 21 May that the US stage-managed the coup to maintain its "colonial rule."

Speaking at a rally of 200,000 in Pyongyang on 20 May, North Korean Vice Premier Kim Il called on the South Korean population to smash the coup; Pyongyang earlier had urged all South Korean military personnel to resist the coup leaders. The North Koreans have used the disturbed situation to renew their call for reunification, claiming that only by joining with the "self-sufficient" economy of the North can South Korea solve its economic problems.

While there is no evidence of North Korean military preparations to take advantage of the unsettled situation, dissension within the coup group could make South Korea increasingly susceptible to Communist propaganda and subversion. (CONFIDENTIAL)

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SOVIET NEWS TREATMENT OF KENNEDY-KHRUSHCHEV MEETING

Since the announcement on 19 May that the President and Khrushchev would meet in Vienna on 3 and 4 June, Soviet propaganda has made the meeting a major topic of comment. The talks between the two leaders are generally portrayed as of great importance and a timely step which could contribute to the relaxation of tension. A keynote of propaganda is the standard theme that the US and the USSR, as the two great powers, bear a major responsibility for securing peace. In the only high-level comment thus far, First Deputy Premier Mikoyan remarked at a reception for a British Trade Fair delegation that the talks would be important even if confined to an exchange of views.

The Soviet press has avoided any direct editorial comment but has used quotations from the foreign press to convey a generally optimistic appraisal. The President's 22 May remarks to a group of Soviet journalists were reported in a favorable light in the Soviet press on 23 May. Moscow has attempted to create the impression that the meeting was dictated by US public disappointment with American foreign policy. In a widely broadcast commentary on 19 May, Moscow claimed that agreement on the meeting is a "sign that there are forces in the US" which are working for an improvement in Soviet-American relations and a relaxation of tension.

A broadcast to domestic audiences on 21 May states that "one would like to believe" that the United States under President Kennedy "merely swerved onto the senseless road" of the previous adminis-

tration and now has chosen the "correct road of peaceful solution of disputed problems." Although Moscow has reported that the meeting was arranged through diplomatic channels and an exchange of messages, Presidential Press Secretary Salinger is quoted by the Soviet press as saying that the US took the initiative in the President's letter of 22 February.

Soviet propagandists have carefully avoided predicting any outcome, but have suggested that further high-level meetings may be arranged. The New York Times is quoted for the view that although the talks would be of a limited nature, they could bring decisive results. Some Soviet broadcasts adopt a hopeful note by pointing out that there are no insurmountable obstacles to improving US-Soviet relations and that the USSR intends to "do everything to make the meeting a success."

American press reports from Geneva were also published in Moscow in support of the view that the meeting in Vienna could lead to diplomatic talks and a summit meeting on East-West questions. In this connection, and editorial in the Soviet weekly New Times speculated that the Vienna meeting could lead to further talks at the "highest level." An East German propagandist stated on 19 May that the meeting could be considered a success if it served as only a starting point for future negotiations.

Both Mikoyan and Soviet Ambassador Menshikov, however, evaded a reply to journalists' questions whether the USSR was planning for a series of meetings. Soviet diplomats in

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Geneva, nevertheless, have inspired press speculation that one result of the meeting could be an invitation to the President to visit the USSR.

Moscow has made no attempt to outline a specific agenda for the meeting and has echoed the initial announcement that the meeting would be an exchange of views rather than a negotiation. Some hint of the subjects which the bloc expects to be covered is contained in publication of foreign press reports speculating that the Vienna talks could "lift the nuclear-test-ban negotiations from the current impasse." A Hungarian broadcast states that the meeting might have a favorable effect on the negotiations over Laos in Geneva.

An East German broadcast on 19 May listed disarmament as the primary topic, in addition to Laos, Cuba, and the German question. An East German politburo member in a speech on 22 May also expressed hope that at the meeting President Kennedy would "recognize the need for a peace settlement with both German states." The West German press reports that in an interview a "well-informed Soviet official in New York described Berlin as the main subject for the talks in Vienna.

Peiping promptly reported the TASS announcement of the meeting but has made no comment thus far.

Background

Soviet interest in a high-level meeting with the US was evident before the inauguration last January. In December,

Soviet officials made it clear that Khrushchev desired an early meeting with the President, either bilaterally or in a conclave of the heads of government at the UN General Assembly. These overtures were supported by public statements from Khrushchev and Foreign Minister Gromyko expressing hope for an improvement in US-Soviet relations.

Soviet diplomats were also intent on determining in advance what gestures would be most conducive to promoting an early meeting, and the main purpose of the prompt release of the RB-47 crew members was to remove possible obstacles to a resumption of high-level negotiations. In mid-January both Khrushchev and presidium member Suslov reaffirmed the Soviet policy of maintaining contacts with Western leaders.

Although Moscow continued attempts to gain an invitation for Khrushchev to meet with the President during the UN General Assembly session, the Soviet leaders by late February had apparently concluded that this campaign had failed. When the idea of a meeting was raised by Ambassador Thompson in his conversation with Khrushchev on 9 March, however, Khrushchev was receptive. Although negotiations were suspended by the US because of developments over Laos and Cuba, Foreign Minister Gromyko revived the idea of a meeting when he called in Ambassador Thompson on 4 May. Subsequently, Khrushchev again raised the question of a meeting in his letter to the President of 12 May delivered by Ambassador Menshikov on 16 May.

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FRANCE-ALGERIA

Both French and rebel delegations appear to have been favorably impressed by their first meeting at Evian and have settled into working sessions, being held on alternate days. The preliminary statements on 20 May reveal general agreement that Algeria's future status should be settled through self-determination, but beyond that the emphasis of the two sides differed, with the French stressing an early cease-fire and the rebel provisional Algerian government (PAG) claiming sovereignty over all of Algeria including the Sahara.

Paris took the initiative on 20 May by announcing a one-month unilateral cease-fire, the transfer of PAG Vice Premier Mohammed Ben Bella and four other imprisoned rebel ministers to enforced residence nearer Paris, and plans to release some 6,000 rebel prisoners. This produced a strongly negative reaction among the rebels which, although later toned down, revealed a sensitivity and suspicion of French motives that will probably be characteristic of the PAG attitude throughout the negotiations.

The 22 May edition of El Moujahid, the official rebel organ, attacks the unilateral nature of the French action stating, "It was expected that the cease-fire would be subjected to an agreement by both parties during negotiations." The PAG on 23 May reportedly also requested that Ben Bella and the other rebel leaders held in France be permitted to take part in the Evian talks.

The US Embassy in Tunis reports a consensus among ob-

servers there following the departure of the PAG delegation that the rebels desire a peaceful settlement and will be reasonable if their doubts that the French are prepared to relinquish direct and indirect authority throughout Algeria can be dissipated. Many sources, some within the PAG, continue to indicate that the rebels will adamantly maintain that the Sahara must be completely Algerian, but that, once this status is acknowledged, they are prepared to offer major concessions concerning economic relations with France and guarantees for the European settlers.

Paris has from time to time put forward the idea of administering the Sahara through an association of the contiguous countries, a solution which has considerable appeal in Tunisia and Morocco. Tunisian President Bourguiba's public support of the French cease-fire announcement and his call to the PAG to make a good-will gesture of their own has angered the rebels. The PAG feels Tunisia is not giving it unconditional support in the negotiations at Evian.

In announcing the cease-fire the French commander in chief in Algeria, General Gambiez, heralded the "contagious repercussions of peace." Small-scale rebel offensives and terrorist attacks have continued, but the French unilateral truce apparently has been well accepted by the great majority of Moslems and enhanced De Gaulle's prestige among them. The rebels evidently fear that if they acknowledge a cease-fire, they will have serious difficulty in regaining the lost momentum of their campaign.



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At this stage, rebel terrorism may present a less serious problem for the French Government than the continuing activity of right-wing extremists in France. There is reason to believe that the networks of plotters conspiring against De Gaulle and his policies have not yet been fully exposed. Bombings have continued in France and have even been stepped up in Algeria; distribution of threatening letters and pamphlets put out by rightist extremists goes on. Such activity may be further stimulated by the trial of the insurgent generals which opens on 29 May. Discontent within the army is still widespread. As the Evian negotiations proceed, the frustration of the rightist extremists may prompt some of them to make an assassination attempt on De Gaulle as a last desperate effort to prevent Algerian independence.

Soviet Attitudes

Soviet news media, while welcoming the start of negotiations, have cautioned that the French stand will determine whether the Algerian problem will be solved by "peaceful means or otherwise." Bloc com-

mentators predict that the talks will be "difficult and tense."

Moscow has long maintained that only direct talks between the rebels and the French on a basis of equality can restore peace to Algeria. In March, following the announcement that talks would be held, Khrushchev in conversations with Arab diplomats took an encouraging line and the Soviet ambassador in Paris sought out De Gaulle to express Khrushchev's hope for a peaceful settlement. At the same time, Soviet First Deputy Premier Kosygin tried to stiffen the rebels' resistance to any compromise with France, advising them to demand recognition as the sole representatives of Algeria.

While there are advantages for the USSR in a continuation of the rebellion, Soviet leaders at the present time are probably inclined to support a settlement, provided the rebels can emerge from the negotiations in full control of an independent Algeria, with limited, if any, ties with France.

~~TOP SECRET~~

CONGO

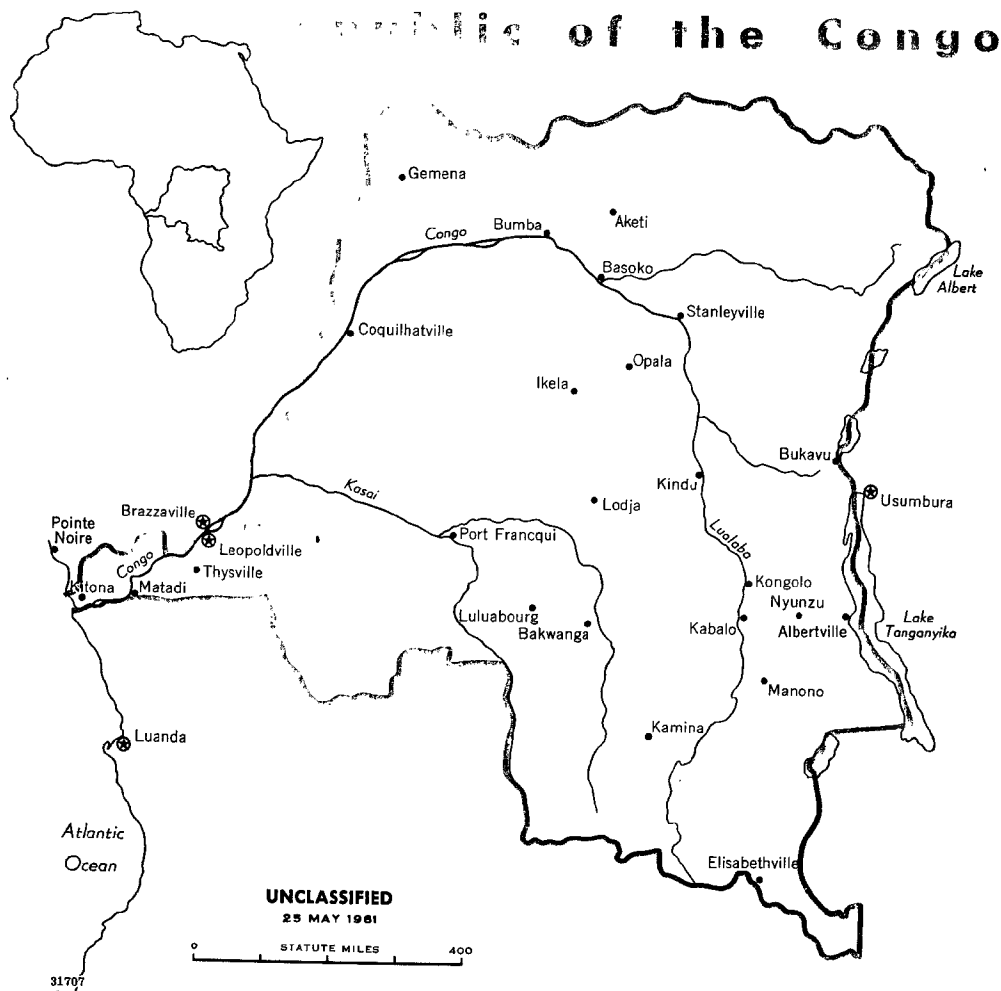
The government in Leopoldville has remained firm in its decision to reconvene parliament there, although the Stanleyville regime continues to demand that it meet at Kamina. Kasavubu appears to regard Gizenga's claim to represent the

legal government as ruling out any compromise. The Leopoldville radio has said the Congo crisis is "in its final stages" and has warned that "no delaying tactics will prevent...the convocation of parliament" by Kasavubu.

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In contrast, there are indications that Leopoldville may be negotiating with Tshombé's successors to assure Katanga's participation in parliament. The Munongo triumvirate in Katanga reportedly has indicated that it is prepared to accept a Congo federation as proposed by Kasavubu. A Congolese politician has informed Ambassador Timberlake that the Kasavubu government has received a proposal from Munongo and is drafting a counterproposal.

Leopoldville probably feels that its success in blocking the return of UN representative Dayal to the Congo has strengthened its hand. Hammarskjold informed US officials on 22 May that Dayal would not be returned to Leopoldville because of the latest expressions of Congolese hostility toward him. Hammarskjold stated that Nehru had been informed and had agreed to recall Dayal.



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The Stanleyville regime--confronted with the political threat of a rapprochement between Leopoldville and Elisabethville and with deteriorating economic conditions in Orientale Province--has moved to bolster its military position. According to press reports, troops from Stanleyville have appeared in force in Kasai Province. Although there is no firm information that Gizenga plans any major offensive action, intercepted messages from Gizenga to Nkrumah have urged that the Ghanaian President expedite the airlifting of Soviet arms to Stanleyville.

Reports of military activity in Kasai appear to have led Kasavubu to place Albert Kalonji under surveillance in Coquilhatville. A UN report has alleged that aggressive movements by Kalonji's Kasai army against tribal opponents followed a build-up financed by a Belgian mining company. Ghanaian UN troops, which recently were withdrawn from southern Kasai,

have been ordered back into the area.

Indian Chargé Rahman in Leopoldville, who on his own initiative has labored actively on Gizenga's behalf, stated recently that he did not believe Gizenga had enough votes in parliament to become premier. Rahman speculated that if Gizenga persisted in seeking the premiership he would merely weaken the "nationalist" position and pave the way for dictatorship by some member of the present Leopoldville government.

Relations between the UN and Katanga authorities have continued strained as a result of UN moves to retain control, by force if necessary, of key areas in northern Katanga. Although Munongo threatened armed resistance if the UN moved to take over airfields at Albertville and Nyunzu, he confined himself to a formal protest of the UN action and appeared anxious to avoid a serious rupture with the UN Command.

(TOP SECRET   NOFORN)

## IRAN

Rumors of a possible military coup have led the new Iranian Government to take special precautions. Prime Minister Ali Amini established a partial military alert on the evening of 19 May, and on 21 May he told an American official that, "to be on the safe side," he had asked General Timur Bakhtiar, former chief of the National Intelligence and Security Organization (SAVAK), to go to the Caspian for a few days. Brigadier General Alavi-Kia,

deputy chief of SAVAK, reportedly has been relieved of his command temporarily; he left on 22 May for a trip to Israel. General Feridun Farokhnia, commander of the Second Independent Infantry Brigade in Tehran, has been sent on an "inspection trip."

or 16 May suggests that Farokhnia had visited the village where former Prime Minister Mossadeq has been living for several years and informed the

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guards there that surveillance of Mossadeq had been taken over jointly by the Second Brigade and by SAVAK.

Bakhtiar told a close friend on 20 May that Gen. Haj Ali Kia, former chief of intelligence of the Supreme Commander's Staff, had informed Amini that Bakhtiar was planning a coup. General Kia is a long-time enemy of Bakhtiar and has sought several times to discredit him. Bakhtiar asserts that he intends to support Amini but will continue his contingency planning to be able to act on short notice if it appears that Amini's regime has failed to establish itself.

General Hejazi, chief of the Supreme Commander's Staff, who has said that he believes Amini's alert was unjustified and based on false rumors, [redacted]

[redacted] there are no grounds for concern and that he has no information justifying suspicion of a coup.

Amini continues to work energetically, announcing moves calculated to show that his government is efficient, frugal, and concerned with public welfare rather than with class privileges. He warned on 21 May that Iran's landlords could either give up their vast holdings voluntarily or see themselves swept away in a revolution. According to press reports, 20 landlords have made their properties available to the government for distribution to the peasants.

Other moves by Amini include a restriction on official enter-

tainment, an order requiring army officers to wear civilian clothes when off duty, and instructions to the police to exert more effective control over Tehran traffic.

Amini has publicly opposed demands by the antiregime National Front for elections to be held within a month. He argues that a new election law is a prerequisite and points out that in the past the National Front has been the most vociferous critic of the present law. The National Front is increasing its activities and, contrary to earlier indications, apparently will remain in opposition to Amini; it has opposed every government since the collapse of the Mossadeq regime in 1953.

[redacted] Amini is having trouble with the National Front and added that its moderate leaders were under extreme pressure from the many "ambitious demagogues" among its members. [redacted]

SAVAK is doing everything possible to obtain National Front support for Amini.

A member of the National Front Executive Committee said on 20 May that the front might have to call a general strike if elections are delayed. The National Front hopes to avoid this, however, because if a strike got out of control the military might take over. [redacted]

National Front leaders are traveling in the provinces to re-establish their organization and undertake political activity. — (TOP SECRET [redacted] NOFORN)

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## CUBA

The Soviet merchant ship Bolshhevik Sukhanov delivered a cargo to the Cuban port of Mariel on 21 or 22 May under circumstances which suggest that this is the first major bloc military shipment to Cuba since 10 April.

[redacted] security precautions normally invoked for handling arms deliveries--including prohibition of aircraft flights over the unloading area and stationing guards along the delivery routes--were taken just prior to the ship's arrival.

Another Soviet vessel, the Ivan Sechenov, was due to arrive shortly afterward, probably with a second military shipment, and at least one other Soviet arms carrier may be en route to Cuba. Prior to these deliveries, 14 Soviet ships had supplied about 40,000 tons of bloc arms and military equipment to Cuba since major shipments began last September.

The Cuban Government is giving maximum propaganda coverage to Castro's offer to exchange most of the 1,200 captured insurgents for 500 heavy tractors. The government-controlled press and radio have repeatedly heralded the "generosity" and the "self-confidence" of the Cuban regime in making such an offer. One Havana radio commentator said the proposal was the "true socialist" solution to the problem of what to do with the anti-Castro rebels.

Castro's statement of 22 May threatening to withdraw the offer unless it were recognized that the 500 tractors constituted "indemnification" for the material losses Cuba suffered during the landings rather than an exchange is in conflict with Castro's original wording of the proposal. On 17 May, in a

speech commemorating the second anniversary of Cuba's agrarian reform program, he said that if "imperialism" wanted the freedom of the captured Cubans, "let it exchange tractors and machinery for them.... We will exchange all except murderers for 500 bulldozers...."

By now demanding the tractors as "indemnification," Castro probably hopes to further associate the landings with the US Government in the eyes of the world and to avoid further comparison of his proposal to Adolf Eichmann's prisoners-for-trucks offer during World War II. The press in Argentina, Bolivia, El Salvador, Panama, Uruguay, and other Latin American countries was quick to draw such a parallel. Private organizations in Guatemala, Nicaragua, and Uruguay have announced fund-raising drives to help pay for the tractors.

The two-pronged Cuban diplomatic delegation touring Latin America on a special "good-will mission" may be seeking support for a new association of Latin American states to supplant the present Organization of American States (OAS).

[redacted] reported on 18 May that the main group of Cuban emissaries, led by Deputy Foreign Minister Carlos Olivares, was "disappointed" with the results of their talks with Mexican President Lopez Mateos and Foreign Minister Tello.

On its arrival in Rio de Janeiro on 20 May, the Olivares group reportedly assured Brazilian officials that Cuba would not attempt to "export" its revolution, that its government was not Communist, and that it desired to remain within the

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inter-American system. The Olivares party saw President Quadros on 24 May before going on to Ecuador.

The second group of Cuban emissaries, in talks on 19 May with Costa Rican President Echandi and Foreign Minister Vargas, took a similar line and sought unsuccessfully to promote a rapprochement between the two countries, according to a reliable report. Echandi and Vargas maintained the previously announced Costa Rican position that any further executions in Cuba would cause San Jose to break relations with Havana, the report said.

Latin American and Sino-Soviet bloc delegates are attending the meetings of the Communist-controlled International Union of Students, which opened in Havana on 23 May. The work of the congress will include an "international student work camp" from 2 to 4 June, during which period a school is to be constructed in the Vedado area of Havana, and will culminate in an "international seminar on illiteracy" from 6 to 8 June. This seminar will afford Castro a further opportunity to publicize his regime's plans to eliminate illiteracy from Cuba this year.

The Cuban Government's orders that public works employees in three of Cuba's six provinces be mobilized to cut sugar cane suggest that this year's harvest is lagging behind the planned production schedule. Agrarian

reform director Antonio Nunez Jimenez and other regime leaders recently announced that sugar production had already surpassed 6,000,000 tons this year, and they anticipated a total crop of "more than 7,000,000 tons." Although a good crop appears assured for this year, the damage done to young plants by inexperienced harvesters may be reflected in a smaller crop in 1962.

Soviet propaganda on Cuba, which has decreased steadily over the past several weeks, has dropped more sharply since the announcement on 19 May of the forthcoming meeting between Khrushchev and President Kennedy. Soviet broadcasts indicated concern late last week over the possibility of a US move against Cuba, and the USSR expressed this concern privately to at least one Latin American country. On 16 and 18 May, Moscow repeated American press reports that the US was preparing "new aggressive plans" against Cuba, and a commentary on 17 May repeated Khrushchev's criticism of the US Naval Base at Guantanamo.

Soviet Ambassador Menshikov sought out Venezuelan Ambassador Mayobre in Washington on 18 May and told him that any aggressive move toward Cuba would "complicate the situation" seriously. He added that the problem of Cuba should be settled peacefully and that the principle of "self-determination" for Cuba should be respected. (SECRET)

~~NOFORN~~

BRAZILIAN POLICY TOWARD AFRICA

Brazil has long been interested in Africa, having at one time elaborated a plan for a South Atlantic Pact including

France as the chief colonial power in western Africa. More recently, but prior to President Quadros' inauguration last

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January, a key Foreign Ministry official told a US Embassy representative that Brazil is uniquely suited to exert influence in Africa by virtue of its geographic position, its traditions of political democracy and racial equality, and its struggle against economic underdevelopment. Such a policy also accords with Brazil's desire to be considered a world power.

A vigorous African policy, however, began only under Quadros. While cutting back other overseas expenditures on grounds of economy, he is expanding the government's African activities, beginning with the rapid establishment of diplomatic and consular missions in most of the African countries.

In mid-April he appointed as ambassador to Ghana a journalist who is said to be Brazil's first Negro ambassador. President Youlou of Congo (Brazzaville) is planning to visit Brazil shortly.

[redacted] Brazil's UN delegation voted with a minority which supported Cameroun's attempt to void the results of the UN-supervised plebiscite held in British Cameroons last February.

A program of scholarships for Africans has been announced and is expected to begin in October. Twenty scholarships are to be granted in 1961 and the number is to be increased to 100 in 1964. In mid-April President Quadros recommended the creation of a Brazilian information center in Africa, with headquarters in Dakar. Under the information program, small libraries, films on Brazil, and Brazil-

ian observers will be sent to Africa. A new cultural radio program in foreign languages is to be broadcast to Africa and the Near East as well as Europe and America.

One of the most receptive of the African states to Brazilian overtures thus far is Senegal.

[redacted] President Senghor, who was visiting there, had said that his connection with Portuguese--"as his name which is derived from 'senhor' indicates"--had led him to decide to engage a Brazilian professor to teach Portuguese literature at the University of Dakar. Quadros has agreed to send a lecturer to Dakar and proposed studies for the eventual appointment of lecturers in Rabat and Accra as well as the arrangement of a number of lectures by Brazilian scholars in other parts of Africa.

Brazil's new interest in Africa has forced some compromise in its traditional policy of support for Portugal as a colonial power. The Brazilian foreign minister stated in mid-April that Brazil's vote in the United Nations on any resolution condemning Portugal's Angola policy would be "conditioned" by "anti-colonialism," and "we cannot assure that our vote will not be given against Portugal."

Another factor in Brazil's relations with Africa is the economic problem posed by competition in sales of coffee and other tropical products. Brazil has carry-over coffee stocks equal to world consumption for an entire year, and the next crop is expected to increase stocks by almost a third. Brazilian interest in the Africans therefore probably stems in part from concern over Africa's rising coffee production, which may exceed one fifth of the

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world's total in 1960/61. The Brazilian Foreign Ministry [redacted]

[redacted] has protested Portugal's effort to dissuade African coffee

producers from choosing Rio de Janeiro as the site for an approaching meeting on the International Coffee Agreement.

~~(TOP SECRET)~~ [redacted]

EL SALVADOR

El Salvador's provisional government is controlled by army officers who are anti-Communist and appear firmly committed to the government's socio-economic reform program. The government continues to voice its intention to return power to an elected government before the end of the year, but the military have set no election date and are unlikely to relinquish control until the reform program seems assured.

With a population of over 2,500,000 in an area about the size of New Jersey, El Salvador is the most densely populated country on the American continents. Over 90 percent of the people are mestizos, with Indian racial characteristics predominant. It is primarily an agricultural country, and about 80 percent of export income normally comes from coffee. Economic and political relationships in the countryside have changed little since early colonial times, and the ascendancy of the "coffee barons" had not until recently been challenged.

The gulf between the extremely wealthy "14 families" and the impoverished majority is probably greater in El Salvador than in any other Latin American country; the country's three-month experience with a Communist-influenced regime, which was overthrown by present government leaders in January, jolted many Salvadorans into a recognition that reforms must be implemented quickly to stem

Communist gains. Changes made in the government last month as a result of pressure by young officers reduced the ruling civilian-military directorate to three members and reshuffled the cabinet, eliminating some officials not wholly in support of the reform program. The American Embassy considers the new cabinet officers capable and amenable to guidance and support by the United States.

The government is taking steps to overcome the resistance of the wealthy to the regime's first reforms--a reduction in rents for low-income housing and a paid day of rest on Sundays for agricultural workers. The Catholic hierarchy now feels that reforms are long overdue; a church official has described the upper classes as "stunned" by the reversal of the historic position of the army and the church, their traditional allies.

Another discontented element is a group of displaced or exiled officers who had enjoyed senior status prior to the coups of last October and January and who evidently are now plotting a return to power. One of their representatives, [redacted]

[redacted] said on 18 May that plans are well under way for a coup, but he admitted that the plot leaders do not have the support of the strategic garrisons in the capital. It is unlikely that this faction has the capability of mounting a successful coup at this time. ~~(SECRET)~~



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## KOZLOV'S ILLNESS AND THE SUCCESSION

Party secretary Frol Kozlov, Khrushchev's apparent choice as his eventual successor, may now be at a disadvantage as a result of illness. Any serious curtailment of Kozlov's activities would necessitate the redistribution of some of his present administrative responsibilities among Khrushchev's other lieutenants and would bring the succession problem once again to the forefront of Moscow politics.

Khrushchev admitted to Ambassador Thompson on 23 May that Kozlov had suffered a fairly serious heart attack. An earlier report, attributed to a Soviet Foreign Ministry official, revealed that Kozlov had been convalescing from his attack since 22 April. Khrushchev stated that the doctors were going to permit Kozlov to return to work about 5 June, but he did not indicate whether or not Kozlov's recovery was expected to be complete.

Kozlov took a leading part in the celebration honoring astronaut Gagarin on 14 April and attended an African reception on 17 April, but he has not been identified in public since. Although his portrait was prominently displayed near Khrushchev's in connection with the May Day celebration, he was not present at the parade. Mikhail Suslov, the other leading party secretary, was the ranking party official at several Moscow functions during the latter part of Khrushchev's vacation in April.

There has been considerable evidence since 1959 that Khrushchev, concerned with the problem of an orderly transfer of power on his death or retirement, has picked Kozlov as his successor. In a conversation with Averell Harriman in June 1959,

Khrushchev ridiculed the suggestion that Kirichenko, then party second-in-command, would succeed him, and stated that he (Khrushchev) and Mikoyan had chosen Kozlov to carry on after them. At that time Kozlov was one of the first deputy chairmen of the USSR Council of Ministers, as well as a member of the party presidium.

Kirichenko was ousted from the party secretariat in January 1960, and several months later Kozlov was shifted over from the Council of Ministers to take his place. This move suggested that Khrushchev was serious about establishing Kozlov as his successor, particularly since the secretariat post is a key vantage point for gaining control of the professional party machine.

Since his appointment to the secretariat, Kozlov has been acting as party second-in-command, supervising party organization and personnel affairs, and filling in for Khrushchev during his many absences. He recently presided over the removal of the top party leaders in the Armenian and Tadzhik republics. He is the only presidium member, other than Khrushchev, slated to give a major address at the party congress in October.

Khrushchev, by his own admission, is jealous of his prerogatives as party boss and has not been willing to delegate sufficient authority to Kozlov to assure his ultimate assumption of supreme power in the Soviet Union. His backing of Kozlov, however, has probably tended to restrain political maneuvering among other party leaders. Should Kozlov's activities be restricted for an extended period, such maneuvering would undoubtedly be intensified. ~~(CONFIDENTIAL)~~

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SOVIET CONSUMER GOODS PRODUCTION TO INCREASE

A modest but significant change of Soviet economic policy favoring the consumer is implied by Khrushchev's remark on 20 May at the British Fair in Moscow that the USSR's light industry and heavy industry will develop at the same pace. Because the light industrial base is very small compared with that of heavy industry, which has substantially surpassed its production goals for the past two years, such a change can be accomplished with a relatively small shift of resources. A shift of just 2 percent of total industrial investment, for example, would raise investment in light and food industries about 25 percent.

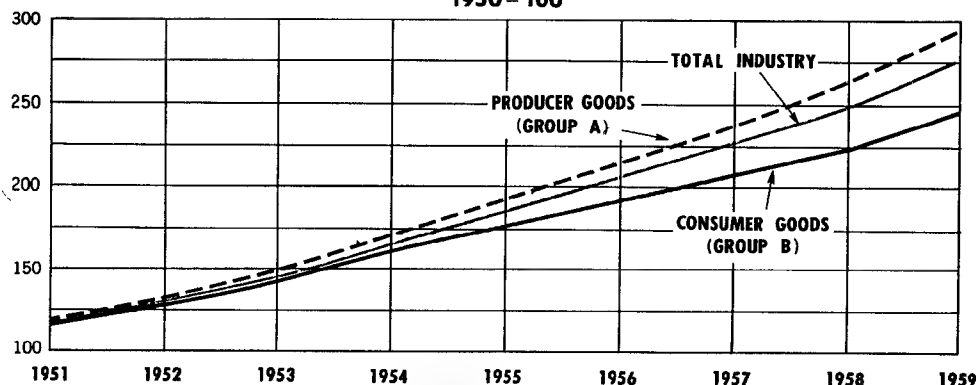
Khrushchev's remarks on growth rates made clear that the change would be limited to the relationship between the annual growth rates planned for "Group A" (which in Soviet jargon stands for the means of production) and for "Group B" (consumer goods).

The Khrushchev regime, while emphasizing the rapid development of heavy industry, has often favored modest improvements in consumer welfare to provide the material incentives deemed necessary for growth in labor productivity, to improve the foreign image of the Soviet citizen's lot, and to influence favorably the attitude of the populace toward the regime.

Economic policy since World War II has consistently provided the consumer with an annual increase in the quantity of manufactured goods, but this increase has not kept pace with the overall annual growth in the output of industry. During the Malenkov era the annual rates of growth in the two branches of industry were nearly equalized. The general discussions surrounding the removal of Malenkov, however, implied that the correct approach to consumer welfare was through a build-up of agriculture, along with a high priority for heavy industry. Only when this was accomplished would consumer goods

INDEXES OF GROWTH OF SOVIET INDUSTRIAL PRODUCTION

1950 = 100



Note: As of 1 January 1960, industries manufacturing only producer goods (goods referred to in Soviet jargon as Group A) accounted for 49.8 percent of total capital assets in Soviet industry; industries turning out only consumer goods (Group B) for 8.7 percent. The remaining industries produce goods in both categories, but mainly producer goods and military equipment.

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be emphasized. Since 1954, under Khrushchev's aegis, the spread--favoring heavy industry--has grown relatively large, although it has narrowed slightly during the last two years.

The shift apparently is to be accomplished by reducing over-fulfillment in heavy industry, with the biggest share of shifted resources probably to be assigned to agriculture. The regime announced last December that it considered that the overfulfillment of plans of heavy industry warranted some reallocation of resources toward fulfilling "public demand." At the central committee plenum in January, Khrushchev claimed that 11.3 billion (new) rubles of output in excess of plan had been produced by industry, making possible additional appropriations to consumer branches. He labeled the 2.5-3.0 billion (new) ruble increase in the investment for textile and footwear industry, announced last May, insufficient, but stressed that further support for the consumer goods industry depended on additional investment in agriculture.

Significant increases in the output of consumer goods could be obtained at a relatively small cost to heavy industry. The 1961 plan schedules an increase of 9.5 percent in the output of "Group A" industries and 6.9 percent in those of "Group B". Because of overfulfillment in "Group A" industries

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DISTRIBUTION OF SOVIET CAPITAL INVESTMENT (1958)\*

Industry	"Group A"	35.7%
	"Group B"	5.4%
Agriculture (State and Collective)		19.0%
Transport and Communications		8.0%
Housing (excludes private-urban and rural)		17.8%
Cultural and Trade Activities		14.1%

\*Including state, collective farm, and cooperative enterprise investment.

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during the last two years, however, the over-all increase in that group could be reduced by over one percent annually without jeopardizing Seven-Year Plan goals.

The new approach has apparently already created the need for doctrinal justification. A recent article in the party journal *Kommunist*, which restated Khrushchev's call at the January plenum for a balanced economic development, declared basically wrong those "theoreticians" who claim that a uniform development of the national economy--which includes "paramount" concern for the people and the improvement of the supply of consumer goods--is a "petit bourgeois" approach to the "building of communism."

Khrushchev's remarks have not yet appeared in the Soviet press, and there is no confirmation of a Western press report that the change has already taken place. The formal announcement of the change may be reserved for presentation at the 22nd party congress in October for incorporation into the economic program adopted at that time.

(CONFIDENTIAL) (Prepared by ORR)

## PROBLEMS OF ECONOMIC ORGANIZATION IN USSR

Soviet economists, industrial and agricultural managers and technicians, and possibly even certain top political leaders are in sharp disagreement over the administration of important elements of the USSR's economy. Although it does not seem likely that these disagreements will impede economic progress, Khrushchev will probably make a strong effort to resolve the more serious controversies

before the convening of the 22nd party congress in October. He will probably undertake further organizational experimentations and shuffling of personnel.

The rapid growth of the economy in both size and complexity, the 1957 economic reorganization which led to the creation of numerous state economic committees and over 100 territorial economic administrations,

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and the concomitant increase in economic responsibility at the republic level increased the amount of overlapping authority and created considerable jurisdictional confusion and jealousy.

A recent report alleges that an "intense feeling of animosity" exists among various Soviet economic organizations. They reproach each other for neglect of leadership, excessive consumption of raw materials, falling production, and statistical falsification. Soviet industrial officials, according to the report, have told their Hungarian counterparts that they are "seriously worried" that there will be an extensive economic purge. The report states, however, that neither the wave of criticism nor the anticipated purge is politically motivated but that both appear to be based on "considerations of economic efficiency and effective industrial management."

The maintenance of an efficient industrial supply system has long been a challenge to Soviet planners; both the 1959 and 1960 central committee plenums on industrial technology called on responsible agencies to seek better planning and administrative arrangements for supply. An article in the 10 March 1961 issue of the party journal Kommunist on problems which have arisen in this sphere reaffirmed the supply principle enunciated in Khrushchev's 1957 industrial reorganization --centralized distribution of the major material resources but decentralization of most supply activities to encourage local initiative.

The article discussed current shortcomings with unusual frankness and admitted that "sharp arguments are now going on over organizational questions." Some think that supply must be completely centralized, while others advocate complete decentralization. The difference of opinion between the Soviet Union's two first deputy

premiers, Mikoyan and Kosygin, over a Magadan Ohlast supply problem, [redacted]

[redacted] might relate to such a basic disagreement.

The program for technological improvement appears still to be hampered by lack of decisiveness and possibly controversy among its administrators. Automation chief A.I. Kostousov admitted in Pravda on 5 May that the quarterly plan for introducing new technology had not been met and laid the blame on lack of precise planning methods and lack of coordination among plants producing the needed equipment. The plenums on technology in 1959 and 1960 had both issued comprehensive instructions and orders to study and solve these problems. Moreover, a Soviet economist recently claimed that the bonus system, decreed last year to reward those who carry out technological improvements, was not being implemented for lack of a satisfactory means of measuring the effectiveness of such improvements.

Despite the recent agricultural reorganization, differences over the future of agricultural organization continue to be manifest. In 1958, when the state-owned Machine-Tractor Stations were abolished and collective farms were allowed to own farm equipment, Khrushchev said that collective and state farms were to continue side by side until the two farms gradually merged at some time in the future. Yet, recently, state farms have been undergoing a rapid growth at the expense of collective farms, and their share in the delivery of grain and milk to the government exceeded the level planned for 1965. An article in the April issue of Problems of Economics called for further study of the question, indicating that the regime has not yet elaborated its point of view on all aspects of agricultural organization.

(SECRET) (OFORN) (Prepared by ORR)

~~TOP SECRET DINAR~~

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## EAST GERMAN CAMPAIGN FOR RECOGNITION

East Germany has recently gained some further degree of de facto recognition in the Middle East, Africa, and Brazil. It has not yet, however, induced any country outside the Soviet bloc--except Yugoslavia--to risk West German retaliation by granting de jure recognition.

Closely following the announcement on 22 April that Ceylon had authorized an East German trade mission in Colombo, the UAR announced that it would permit the East German trade office in Damascus to assume consular status. This move preceded the opening of negotiations between the UAR and West Germany in Bonn concerning West German aid, notably on the Euphrates Dam project. When the West German ambassador in Cairo protested that Nasir had expressly promised in 1959 not to raise the Damascus office to consular status, the UAR presidential affairs minister denied that such a promise had been given and maintained that the move was "routine" and involved no change in the UAR's policy of granting formal recognition only to Bonn.

Although a West German Foreign Ministry official maintains that Nasir in fact gave such an assurance in 1959 and should have informed Bonn before breaking the agreement, he stated that there was little possibility of effective West German countermeasures. In the same year, the UAR had explained that the establishment of the East German Consulate General in Cairo did not constitute diplomatic recognition. Because a West German severance of diplomatic ties with Cairo would only lead to Nasir's recognition of the Ulbricht regime, Bonn will have to remain content with the UAR's explanation.

Bonn realizes, however, that its tacit acquiescence in the elevation of the Damascus mission may tempt Lebanon and Iraq to grant consular status to the East German trade missions in Beirut and Baghdad. It may, therefore, refuse to undertake any new aid commitments to the UAR. Cairo has announced that the UAR negotiator will not leave for Bonn as planned.

In West Africa, East Germany is attempting to establish a foothold in Mali, while continuing to extend its influence in Ghana and Guinea. Under a trade agreement announced on 19 April, East German officials are arriving to staff a trade mission in Bamako, the Mali capital, while two newspapermen have taken positions in the Mali Information Ministry, presumably under the technical assistance agreement signed earlier this year.

Mali's foreign minister told the West German ambassador that Bamako would not permit the trade mission to assume diplomatic prerogatives nor would Mali establish its own mission in East Berlin. The US Embassy in Bamako nevertheless reports that the East Germans, with the support of the Czech ambassador, who is dean of the diplomatic corps there, are making a determined effort to present their mission as a diplomatic establishment.

In Brazil, the Ulbricht regime is taking advantage of President Janio Quadros' intention of widening his contacts with bloc countries to urge a major expansion of East German - Brazilian trade, which last year totaled nearly \$20,000,000. The East Germans have relatively little to give Brazil in comparison with the aid that Bonn is presently

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considering--\$50,000,000 in a new aid fund plus about the same amount in guarantees for exports from West Germany. The East Germans, however, will play up their increased contacts with Brazilian officials as de facto recognition; if Quadros goes through with his announced intention of inviting a high East German official to Brasilia, the East Germans would consider they had scored a triumph.

Bonn, seriously concerned, hopes to induce Quadros not to permit such a visit. The Brazilian ambassador in Bonn reported on 13 May that the West German Foreign Ministry told him that the reference to the "German Democratic Republic" in the invitation comes close to de facto recognition of the Ulbricht regime, calling attention to Bonn's break with Yugoslavia when Belgrade recognized East Germany in 1957. The West Germans also have attempted to persuade Quadros to cancel a visit to East Germany by Bra-

zil's roving ambassador, Joao Dantas. [redacted]

[redacted] Quadros had emphasized, however, that the visit is to be made in a "strictly personal capacity."

East Germany, with the founding of the Bamako mission, now has 30 trade missions in nonbloc countries. Those in Cairo, Djakarta, and Rangoon have been recognized as consulates general by the host countries but with diplomatic recognition expressly withheld. In addition, it has agreements for missions in Ceylon and Cambodia and reportedly is angling for offices in Tunisia and Morocco. At least eight of these missions--those in NATO countries and Sweden--represent the East German Chamber of Foreign Trade, ostensibly a nongovernment organization; the others represent the East German Foreign Trade Ministry, but are recognized as technical, not diplomatic, establishments. ~~(TOP SECRET NOFORN)~~ [redacted]

## BLOC MILITARY AID TO THE UAR

Political friction between Moscow and Cairo, which flared up again recently, apparently has not affected the bloc's military collaboration with the UAR. Financial arrangements, requests for advanced weapons, and Soviet delays in supplying spare parts and new equipment have caused difficulties since 1958 but have not prevented eventual conclusion of new agreements, nor have they altered the UAR's almost complete dependence on the bloc for military supplies. Recent deliveries of advanced jet fighters, tanks, and other military end items, as well as a continued high level of training activity, suggest a normal relationship. Cairo is aware of its vulnerability to Soviet pressure in the military sphere, but so far Mos-

cow appears to have avoided using pressure to further its political objectives.

Bloc military deliveries to the UAR were at a high level from late last year through at least March, apparently as a result of new agreements concluded in 1960. Major shipments appear to have tapered off recently, but smaller deliveries continue, and contracting is still under way for repair facilities, additional spare parts, and perhaps more new equipment.

Unconfirmed reports [redacted]

indicate that as many as 52 MIG-19s have been delivered to the UAR since the first shipment last January. Most of them have

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reportedly been assembled and tested by a team of Soviet experts which arrived in early February. Although this number is considerably more than can be corroborated by shipping information or other sources, it is close to the quantity originally requested by the UAR in 1958. Initially Moscow rejected this request, but talks throughout 1960 may have resulted in its revival. These aircraft are said to be equipped to carry air-to-air missiles which reportedly have also been delivered.

There is no evidence that Moscow has yet agreed to supply the more advanced MIG-21 jet fighter to the UAR, although Cairo reportedly requested such aircraft last year. Indonesia is the only nonbloc country to have been promised eventual delivery of MIG-21s.

Other arms supplied under new agreements include T-54 medium tanks--perhaps as many as 120--additional self-propelled assault guns, artillery, and a wide variety of other military items, such as early-warning and fire-control radar, engineering equipment, repair shops, and motor vehicles. A contract reportedly was signed recently for 10 YAK-24 helicopters, and rumors persist that three more submarines will be delivered under new naval agreements.

About 20 UAR pilots returned from the USSR early this year after six months of training on MIG-19s. Another 20

probably have returned by now, and more have been sent to the Soviet Union. The first two groups are probably participating in flight instruction activities on the MIG-19s in the UAR.

[ ] this phase of the training was delayed because the USSR had not shipped necessary equipment and pressurized suits for the pilots. Presumably this deficiency has been remedied.

At present there is only sketchy information on the value of the new bloc arms pacts with the UAR. From 1955 to 1960 the bloc delivered more than \$700,000,000 worth of arms to both regions of the UAR. Substantial discounts--often two thirds of the value--were granted on this materiel, and the bloc accorded extremely favorable repayment terms. Incomplete information suggests the MIG-19 contracts alone are worth more than \$25,000,000 and the total value of new equipment to be delivered may well run to over \$100,000,000. Price reductions and repayment provisions may not be as generous as in previous agreements; discounts on the new equipment probably amount to about one third the quoted price.

A trend toward more "businesslike" terms has been evident in Soviet-UAR military relations since 1958, perhaps reflecting political friction but also as a result of Cairo's requests for more advanced materiel. ~~(TOP SECRET)~~ ~~(NOFORN)~~ (Prepared by ORR)

AFGHAN-PAKISTANI BORDER CLASHES

The Pushtoonistan dispute between Afghanistan and Pakistan, which has been marked by sporadic clashes and almost continuous propaganda warfare since 1947, has taken a new and dangerous turn with the introduction of regular Afghan troops disguised as tribesmen into Afghan operations in Pakistan.

Kabul has consistently demanded that the Pushtoon tribes living on the Pakistani side of the border be given the right of self-determination. Pakistan has just as consistently rejected these demands as interference in its internal affairs. The most recent significant clash prior to last week

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occurred in September, when a force of Afghan tribal irregulars was driven from the Bajaur area with heavy losses. Since then Kabul has been trying to regain some of its prestige among the tribes by increasing its support to dissident tribal elements in Pakistan.

Afghan special forces, numbering about 1,000, attacked several Pakistani garrisons near the border on 20 May. Co-operating with local tribesmen armed by Afghan agents, they employed heavy infantry weapons including mortars and machine guns.

Kabul had been planning for several months to use some of its regular units especially equipped for guerrilla operations.

old British-made weapons rather than new Soviet-supplied arms were being distributed to some units along the border opposite Bajaur. The Afghan Army uniform factory in Kabul manufactured 10,000 sets of tribal-type clothing, apparently for use by Afghan troops disguised as tribal irregulars. Kabul, however, has denied that its forces were directly involved in the attacks.

Following the latest attacks, Pakistani Air Force jets began bombing hostile concentrations near the border. Pakistani officials have indicated privately that they are prepared to bomb artillery positions in Afghanistan if the Afghans fire into Pakistani territory.

Rawalpindi continues confident of its ability to handle the situation.

plans remain unchanged to withdraw from Bajaur some of the troops which were stationed there last fall.



Both sides probably want to avoid the outbreak of major hostilities. Neither side, however, can afford a serious loss of prestige among the Pushtoon tribes living on both sides of the border, and a major victory by either side could bring stronger action by the defeated party.

This latest clash may lead to new criticism of the United States by both Afghanistan and Pakistan. President Ayub has complained that American inquiries about the use of US-supplied arms in the tribal area made the Afghans "bolder." The Afghans, on the other hand, have frequently complained that US military assistance to Pakistan is used to "suppress the freedom-loving Pushtoon tribesmen." (SECRET)

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## AFRICANS PLANNING GENERAL STRIKE IN SOUTH AFRICA

The South African Government is steadily increasing its security precautions in an effort to head off nonwhite demonstrations at the end of this month. The National Action Council (NAC), a Communist-dominated group which gained the initiative among nonwhite nationalists late in March, has called a three-day stay-home strike beginning on 29 May to protest South Africa's accession to republic status on 31 May. Nelson Mandela, leader of the NAC, has denied that demonstrations are planned during the strike; he reportedly asserted, however, that intimidation would be used to enforce it in some areas. Tension is rising in both the white and the non-European communities, and even a trivial incident could provoke a violent outbreak.

The NAC was formed to implement a strike call which had been made by the Communist-controlled "all-in" African conference held in Natal Province late in March. Mandela, a probable Communist who had been under government restriction orders until just before the conference, is believed to have been responsible for much of the NAC's success in seizing the initiative from anti-Communist groups such as the Pan-Africanist Congress and the largely white Liberal party.

An able organizer who reportedly has ample funds at his disposal, he seems to have revitalized the "Congress movement," the Communist-dominated multiracial group which had been moribund since the banning last year of the African National, its principal component. The NAC reportedly has begun a house-to-house campaign to drum up

support for the strike call, and it plans to intensify its efforts during the coming weekend.

Mandela claims to have the support of most of the country's coloreds (persons of mixed blood) and Indians. These two communities, which are an important economic factor in western Cape Province and Natal respectively, apparently are split on the question of cooperation with the Africans. Sentiment in favor of cooperation seems to be running stronger than it did in the outbreaks last year.

Mandela allegedly hopes violence can be avoided, since peaceful demonstrations would increase the NAC's aura of respectability. He is said to have admitted, however, that a fifth of his followers favor violent action. He believes that the presence of large numbers of security forces will inhibit demonstrations in the larger cities but that disturbances in the towns are more likely.

The government has been conducting a series of police raids since late April in an effort to break up the organization behind the strike call and to intimidate the nonwhite population. In mid-May it called up several units of reserves and militia, rounded up more than two thousand Africans on trivial charges, and banned all meetings until the end of June. Foreign Minister Louw told the American ambassador recently that the government hopes these measures will avert an incident like the one at Sharpeville last spring; however, he expressed concern over the security situation in the country.

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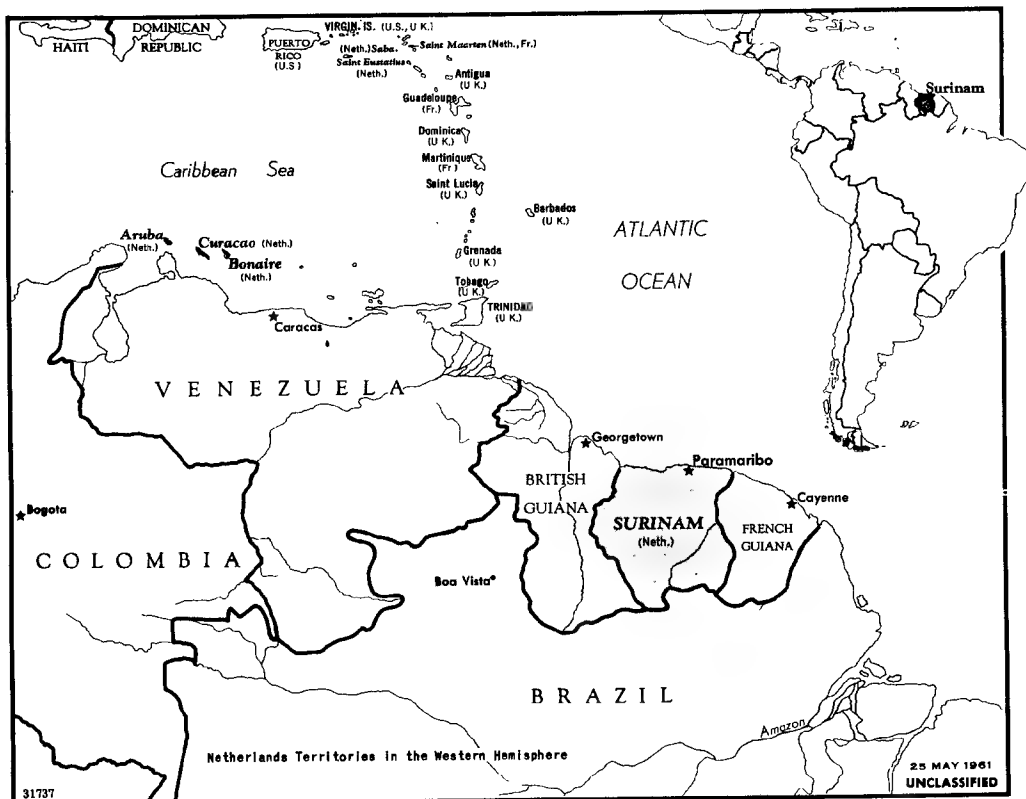
DEVELOPMENTS IN SURINAM

At preliminary talks scheduled to begin in The Hague on 29 May, the Netherlands and Surinam will discuss possible modification of the Realm Statute of 1954 with a view to giving Surinam a greater degree of independence. Final proposals worked out at these discussions will be submitted to a full round-table conference to be held later.

Surinam (Dutch Guiana) is a sparsely populated, underdeveloped territory about the size of Illinois. The majority of its 300,000 people are of Asian extraction (Hindustanis, Javanese, and Chinese), and the rest predominantly African ("Creoles") and European; nearly

all live in the narrow fertile strip of coastal plain. Surinam and the six islands of the Netherlands Antilles comprise the overseas realm of the Kingdom of the Netherlands; the 1954 Realm Statute formalized the internal self-government already in effect in both territories but reserved foreign affairs and defense matters to The Hague.

Bauxite, mined by a subsidiary of ALCOA and by a Dutch firm, accounts for about 80 percent of the value of Surinam's exports. Surinam exported 3,600,000 tons of bauxite in 1960; it provides about 20 percent of the free world's supply.



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The territory's political activity is dominated by a small minority of professional and businessmen varied in their racial origins but largely Dutch in educational background and general orientation. They desire expansion and diversification of the economy to reduce the present excessive dependence on bauxite mining, and they believe that to obtain greater technical and financial assistance from both the United Nations and the West, their country first must be recognized as an international entity.

These men feel that under the present arrangement, the Dutch Foreign Ministry does not adequately represent Surinam's interests--particularly in regard to securing aid for such high-priority programs as the development of hydroelectric power and the expansion of the transportation network to open up the untapped timber and mineral resources of the interior. They want independent representation in several key countries in the western hemisphere as well as at the United Nations.

Although Surinam has prospered during the past several years as demand has increased for its bauxite, timber, and food products, its political leaders are dissatisfied with the pace of its development. They maintain that more rapid and varied development is necessary to meet the growing pressure for social services such as housing--which is admittedly inadequate--and to provide employment for the increasing number of Surinamers being trained in the Netherlands. Minister-President Emanuels, who will head Surinam's delegation, intends to use the opportunity to confer with German

and French officials regarding their countries' possible participation in development plans.

The desire for greater autonomy has also been stimulated in recent years by the declining prestige of the colonial powers, the rapid emergence of independent states in Africa, and the progress of the British West Indies and neighboring British Guiana toward independence. The "Creoles" are the dominant party in the pro-Western, tripartite coalition they formed with the Hindustani and Catholic parties and are the most outspoken on the question of greater independence. Some signs of racial friction are appearing, largely as a result of the growing economic and political power of the Hindustanis, who already control much of Surinam's local economy. Fearing domination by the Asians, the "Creoles" tend increasingly to identify their aspirations with those of the newly independent, uncommitted African states and to look to them for leadership.

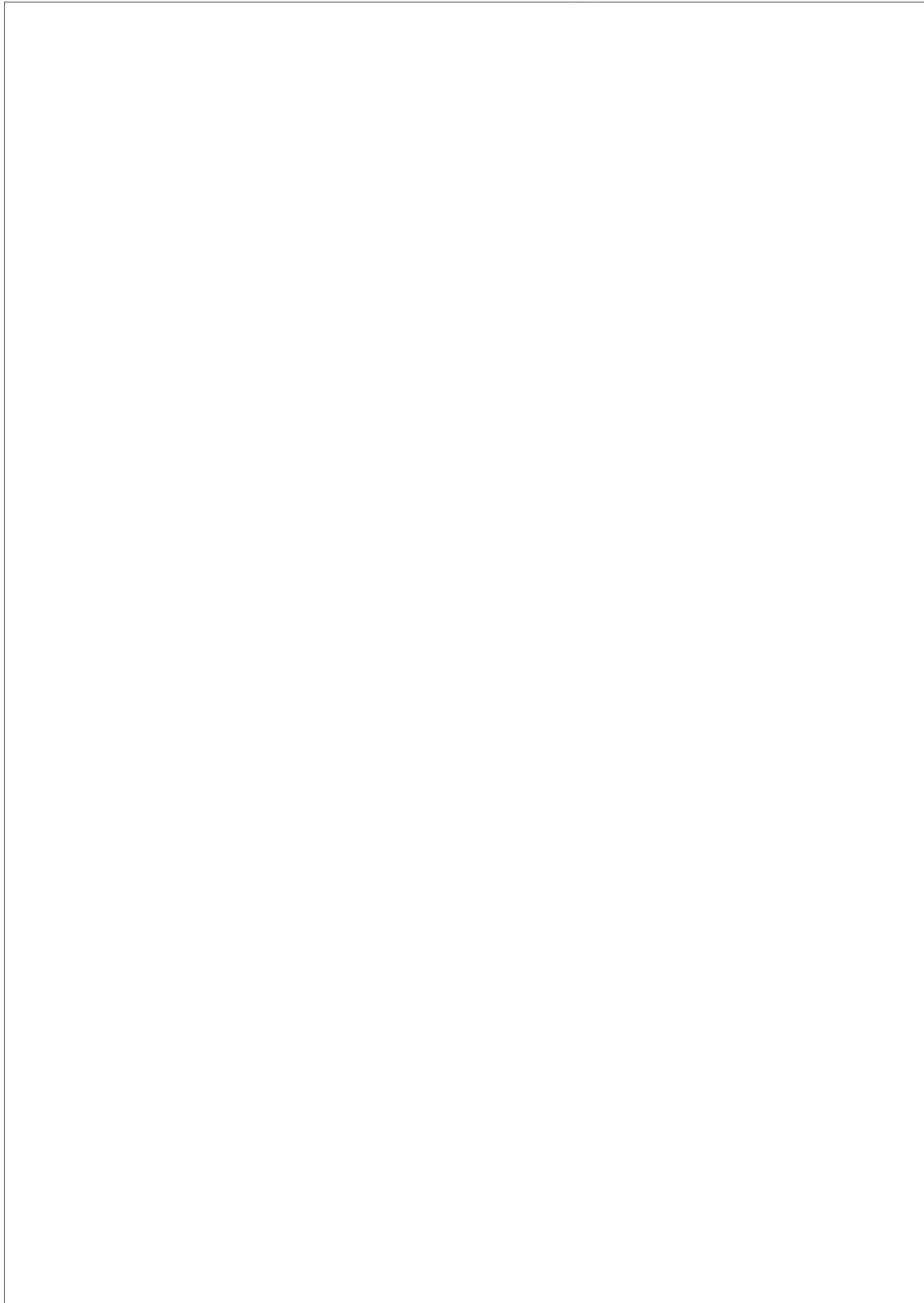
In contrast to the political situation in neighboring British Guiana, leftist elements have wielded little influence. As long as the government's economic and social development programs proceed, the future of Surinam's small leftist party will remain uncertain.

Although neither racially nor culturally a Latin country, Surinam recognizes it must develop closer ties with the neighboring republics. The first step would be to seek association with the OAS. So far, however, Surinam has felt relatively detached from Latin American developments. ~~(CONFIDENTIAL)~~

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SPECIAL ARTICLES



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## NEW SOVIET CONSTITUTION

There are several indications that a new Soviet constitution will appear sometime after the 22nd party congress next October. Proposals for changes in the existing law indicate that the new constitution will be based on Khrushchev's assertions that the Soviet Union has begun the "full-scale building of a Communist society." The document may also provide for the establishment of the office of "President of the USSR."

Background

The present Soviet constitution is chiefly a description of the state apparatus and a record of past achievements which needs periodic updating in accord with economic and social change.

There have been three constitutions since the revolution. The first, adopted in 1918, expropriated private property and disenfranchised Russia's propertied classes and set forth the new system of government by commissars and soviets. The second appeared in 1924, following the extension of Red power into the Ukraine, Belorussia, and the Transcaucasus, and the consequent birth of the Union of Soviet Socialist Republics. It recognized the division of the world into "two camps of socialism and capitalism," but otherwise limited itself to describing the new state administrative machinery. This instrument was superseded in 1936 by the present constitution,

which was framed in keeping with Stalin's dictum that, "in the main," socialism had been built in the Soviet Union.

Like his predecessor, Khrushchev evidently wants the achievements of his administration embodied in the highest law of the land. He first broached the question of revising the constitution at the 21st party congress in 1959, but the subject apparently was not raised again for several months. Rumors of impending change began to circulate in Moscow on the eve of the central committee plenum last spring, and on 3 May 1960 Khrushchev acknowledged that the plenum would consider "constitutional questions." He stated that it had again become necessary to bring the constitution into line with the new situation in Soviet economic and social life, but added that the Communist party would first "work out the lines of future development."

Responsibility for drafting the basic provisions of the new law evidently has been assigned to P. S. Romashkin, director of the Institute of Law of the Soviet Academy of Sciences, and work on the project probably started last summer. In July, Romashkin advanced detailed proposals for changes, and his recommendations were published last fall in the top legal journal, Soviet State and Law. In January 1961, Romashkin stated that his institute's sector of state law was "seriously working out" questions of changes

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and additions to the constitution, and assumed that "this work will be expanded following the adoption of the party program at the 22nd congress."

The Forthcoming Constitution

The earlier Soviet constitutions contain no references to the advent of Communism. Indeed, in 1936, Stalin stated flatly that the constitution had to be limited to a description of past achievements, since it was impossible for a basic law to talk about events which had not yet come to pass. The Communist party has received similar treatment. It was not mentioned at all in the first two constitutions, and was cited only once in that of 1936.

If Romashkin's proposals are adopted, however, the forthcoming constitution will be uniquely "communist" in nature. It will, for the first time, explicitly commit the Soviet Union to continue on a communist course. Taking its cue from the party program now being revised under Khrushchev's direction, it will also lay down guidelines for the future.

Romashkin insists on including "a clear statement of the prospects of development of the Soviet state which will reflect the determination of the entire people to build

communism." He further thinks that the party's leading role in Soviet life should be mentioned much more often and that references should be made to such harbingers of the future as the strength of the world socialist movement, the growth of the brigades of Communist labor, and the eventual "withering away of the state."

A constitution of this type would certainly be touted as a significant milestone in the development of Marxism-Leninism. Its appearance after the 22nd congress, and the concomitant boasting of Soviet superiority and praise for the party first secretary, would provide all the more opportunity to link the Khrushchev name with the "building of communism." Like the "Stalin constitution" of 1936, the forthcoming document might also bear the name of its chief inspirer.

Possible Soviet Presidency

While there is little evidence that a move to create a "President of the USSR" is contemplated, rumors to this effect were making the rounds in Moscow last May. A presidency was subsequently established in Rumania. Czechoslovakia and East Germany have retained the office, and there have been reports that other European satellites intend to set up the office as they too "complete the transition to socialism."



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A presidency could be formed simply by conferring the title on the chairman of the presidium of the Supreme Soviet, who is titular head of the state. However, there are no easily discernible advantages in tacking a new label onto a job which is already essentially ceremonial.

The future president of the USSR--if there is to be one--is much more likely to step into a position of real power and prestige. He would presumably enjoy authority at least equal to that of his satellite counterparts, and in large measure his office would probably be modeled after the Czechoslovak and Rumanian presidencies.

The new constitution might, then, assign to a Soviet president certain functions now reserved to the Supreme Soviet presidium and ceremonially exercised by its chairman. These include formal representation of the state, negotiation and ratification of treaties, and the power to nominate and recall the premier and individual members of the government. Other provisions could be copied from the Czechs, whose president has the right to preside over meetings of the government, is commander in chief of the armed forces, and "exercises powers not expressed in the constitution."

The key qualification for the office would not be embodied in the law, however. It is certainly no accident in Czechoslovakia and Rumania that the president is also first secretary of the party; in the Communist system, the party chief is the ultimate source of political authority. In the USSR, however, he has never ruled by right of law, and the creation of a Soviet presidency like that of the two satellites would give constitutional sanction to the powers he has always exercised in fact. Making the president (i.e., party first secretary) technically responsible to the legislature--which is fundamentally powerless--would maintain the fiction that the Supreme Soviet is the nation's "highest organ of state authority."

This kind of job would seem made to order for Khrushchev. He might see some propaganda advantage to having his powers legalized, and there are certainly no indications that he would object to more prestige. His "election" to the presidency would also put an end to any contention about who is really head of the Soviet state. While this question is of little actual consequence, it has nevertheless proved irritating in the conduct of foreign relations; in 1959, for example, Khrushchev had to visit this country as "chief of state"--for which there is no Soviet constitutional provision--in order to be on a protocol par with the US President.

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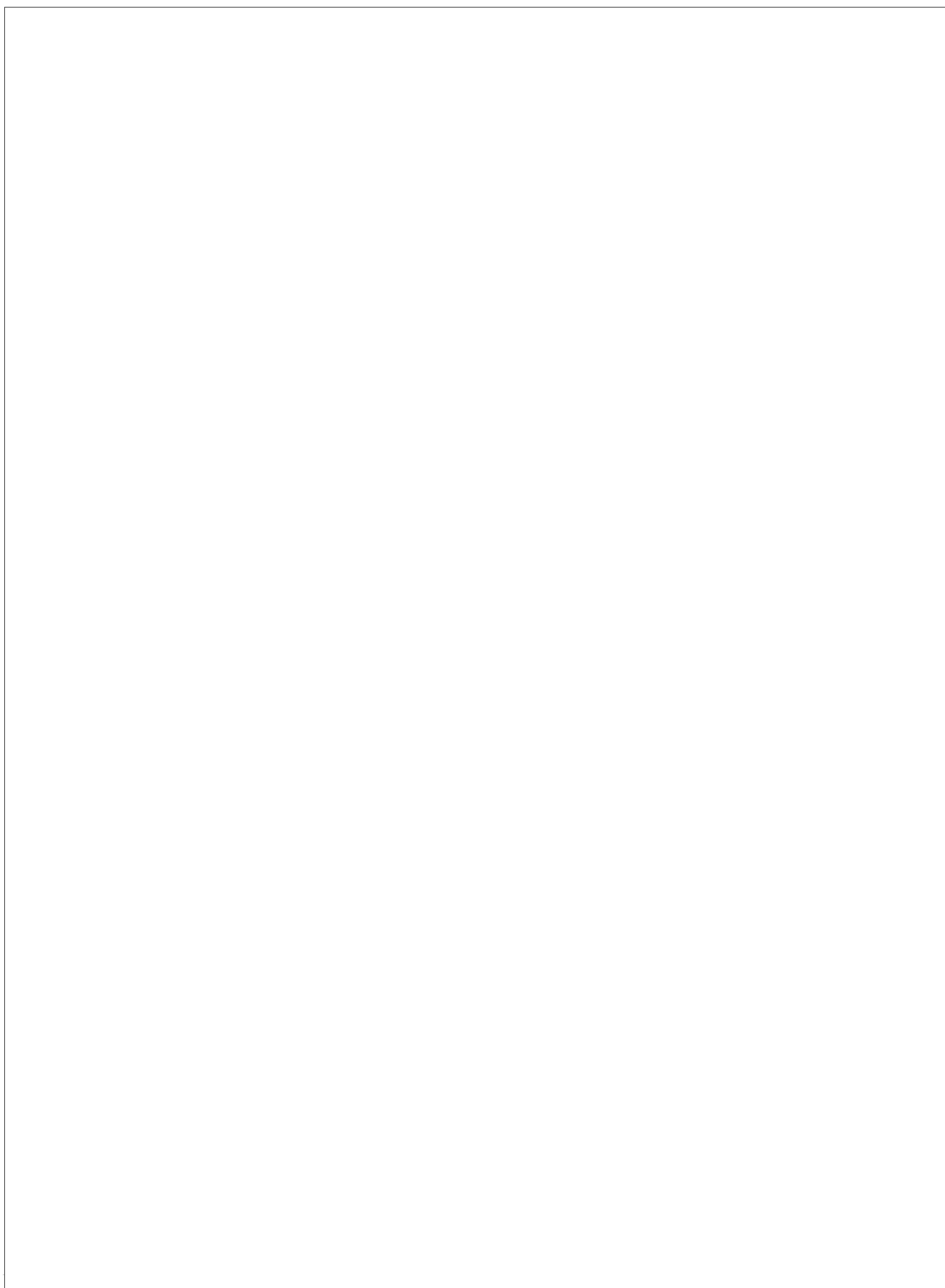
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FULBERT YOLOU

Fulbert Youlou has been the leader of the Congo Republic (Brazzaville), first as prime minister and later as President, since it gained its independence from France in 1958. He has steadily consolidated his power, and his firm rule has given the country comparative stability, which in turn has added to Youlou's prestige as an African leader. He is friendly toward the West and has shown himself aware of the debt his country owed France and De Gaulle, whose policies made possible its peaceful accession to independence and maintenance of friendly ties--facts which Youlou is fond of contrasting with the chaos "across the river" in Leopoldville.

President Youlou is to visit Canada, Washington, New York, Puerto Rico, and Haiti early next month. He made a brief visit to the United Nations for the 15th general assembly, but otherwise he has not traveled in the United States. He is keenly anticipating the visit, and he and his entourage went to considerable pains to arrange it, constantly pointing out that Lumumba and Sekou Touré had already been received in Washington and that Youlou also had invitations from Moscow and Peiping.

Youlou, who will be 44 on 9 June, was born near Brazzaville, the son of an illiterate peasant farmer. He was educated at Catholic mission schools and later attended seminaries in Cameroun and Gabon. He speaks French fluently. Ordained in 1946, he was a parish priest in Brazzaville and elsewhere until 1955, when he became interested in politics.

In that year, Youlou founded the Democratic Union for Defense of African Interests (UDDIA), which now is the country's ruling party. In 1956 he entered the electoral campaign for the French National Assembly in spite of church disapproval. He lost the election and was suspended for breach of sacerdotal vows, but he has continued to wear the cassock and use the title Abbé. In 1957 he won election to the Congo Assembly, and since then his political rise has been steady.

Youlou derives much of his power and support from the fact that he is the paramount chief of the Balai tribe in the southern sector of the country.

The Congo "press"--there is no real daily newspaper--and radio are almost fulsome in their praise of him, and

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following his visit to Katanga in mid-February dwelt largely on the honors shown him in Elisabethville. [REDACTED]

Youlou would like to play a decisive part in African affairs beyond his own country. He was active in promoting the Union of the Republics of Central Africa--which was to have included Gabon, Central Africa, and Chad as well as his own country--but jealousies among the various leaders and inability to agree on major issues caused plans for this union to collapse in the summer of 1960. This year he showed a desire to play a leading role in the African-Malagasy Union worked out at the Yaoundé conference. On the whole, Youlou is not

popular with the other Equatorial African leaders, who are suspicious of his motives and tactics.

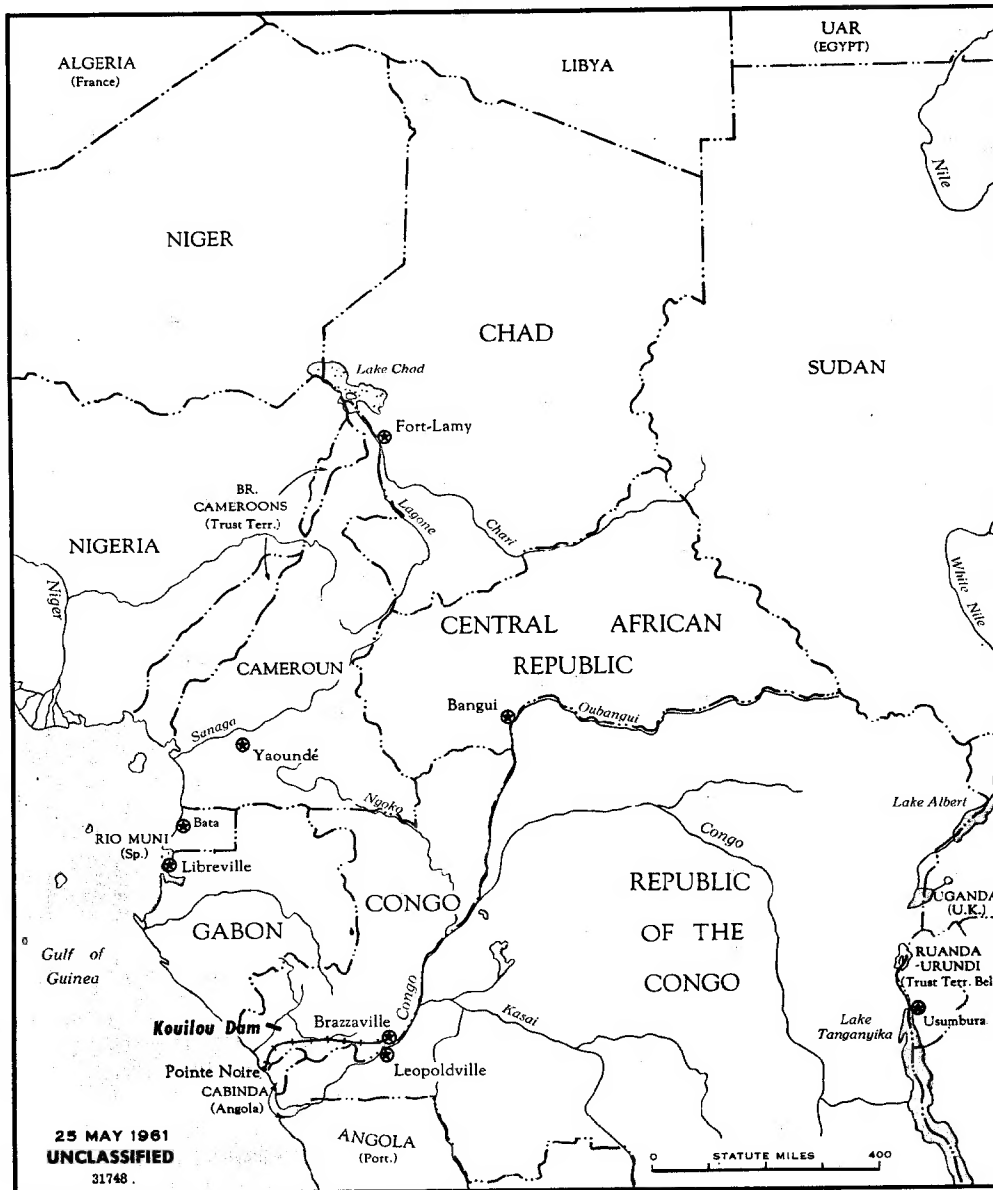
Government Operations

Youlou runs the country as a benevolent despot. He has railroaded through the assembly laws giving the government--i.e., himself--almost unlimited powers to deal with subversion, press criticism, and public meetings, as well as to search without a warrant and to arrest, keep in custody, or summarily execute anyone who might threaten security. So far the President has used these powers sparingly--largely against the country's few Communists--but there is little doubt he would employ them ruthlessly if his position were threatened. In February 1959--even before these laws were passed--Youlou imprisoned opposition leader Jacques Opangault for almost five months, and he has taken even harsher measures against other domestic opponents.

For the most part, however, Youlou has maintained his position by adroit political manipulation and frequent reshuffling of the cabinet. Opangault, restored to grace, now is vice president, and the cooperation of other former opposition leaders is an established feature of the political scene.

Although he had been elected president of the republic by the National Assembly in November 1959, Youlou desired his office to come from the people. Accordingly, he somewhat hastily arranged an "election" for March of this year--really a plebiscite, since he was the only candidate. He won well over 90 percent of the possible votes. In February he had induced the

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National Assembly to adopt a new constitution which strengthened the position of the president without making too obvious a rubber stamp of the assembly.

Youlou's actions stem, at least in part, from a conviction

that a new African state requires firm leadership to overcome economic and sociological problems. When asked if he were not calling the presidential election on very short notice, Youlou replied that "in Africa, you have to do things



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quickly." In the electoral campaign, Youlou induced other national leaders, including his major political and tribal opponents, to give him strong support, and he stressed the theme of national unity in an effort to overcome the tribal animosities that divide the country.

Youlou spent a week traveling with Opangault among the M'Bochi of the north. Two years ago he would not have ventured into M'Bochi country, nor would Opangault, an M'Bochi, have wandered far among Youlou's Balai tribesmen of the south.

Future Prospects

The Congo has relatively few resources, and its economy, based largely on agricultural products, is not viable without extensive French assistance. Its geographical location and the railroad which runs from Brazzaville to Pointe Noire give it some stature as a commercial state, providing the chief outlet for products from the Central African Republic and even Chad.

Mineral exploitation in Congo amounts to only about 8,000 tons a year of lead ore, while gold mining--never very extensive--has declined into insignificance and diamond mining has stopped altogether. The country has a staggering trade deficit, imports normally being about four times the value of its exports. About 70 percent of the exports go to France.

The 1960 budget of \$15,900,000 was balanced only by virtue

of \$2,200,000 in direct French subsidy. The total French contribution, however, approached \$7,500,000 when the salaries of the French military personnel, technicians, and administrators are included. France supplies cadres for the army--which presently consists of one company--and gendarmerie, and has stationed about 3,500 troops in the country, commanded almost entirely by French officers. The overly ambitious 1961 budget is 18 percent larger, and calls for more indirect taxes, higher customs duties, and increased French assistance.

Youlou has great hopes for the large hydroelectric plant to be built at Kouilou. This installation is envisaged as a source of cheap power for the industrial complex, including wood-processing plants and a large aluminum smelter--using bauxite from Guinea--to be built at Pointe Noire, a deepwater port with plenty of land for industrial sites.

In foreign relations, Youlou and his government have gotten on well with the French but have insisted on at least ostensibly running the country themselves. Europeans have been quietly eliminated from as many positions as possible

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Youlou has taken a strong anti-Communist stand, both internally and in foreign affairs, where he has so far avoided various blandishments from the Communist bloc. [REDACTED]

chanted with Kasavubu, however, regarding him as not forceful enough [REDACTED]

Events in the former Belgian Congo have been of great concern to Youlou. At first he supported Kasavubu and counseled moderation. During the worst of the disturbances in Leopoldville, Youlou and his government were friendly and helpful to US refugees. He strongly opposed Lumumba--whom he refused to invite to the Brazzaville independence ceremonies in August 1960. He has become increasingly disen-

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